



## DEPARTMENT OF COMMERCE

### International Trade Administration

[Docket No. 220509-0112]

RIN 0625-XC047

### Developing a Framework on Competitiveness of Digital Asset Technologies

**AGENCY:** International Trade Administration, Department of Commerce.

**ACTION:** Notice; request for comment.

**SUMMARY:** Executive Order of March 9, 2022, “Ensuring Responsible Development of Digital Assets”, outlines U.S. policy objectives with respect to digital assets. The Executive Order directs the Secretary of Commerce, in consultation with the Secretary of State, the Secretary of the Treasury, and the heads of any other relevant agencies, to establish a framework for enhancing U.S. economic competitiveness in, and leveraging of, digital asset technologies. Through this Request for Comment (RFC), the Department of Commerce (Commerce) is requesting input from the public that will inform the development of the framework.

#### **DATES:**

Written comments must be received on or before 5 p.m. Eastern Time on **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** Written comments may be submitted in response to this document by comment through [www.regulations.gov](https://www.regulations.gov) on Docket ITA-2022-0003 or by email to [DigitalAssets@trade.gov](mailto:DigitalAssets@trade.gov).

*Instructions:* Commerce invites comments on the full range of issues presented in this Notice, including issues that are not specifically raised in questions in this Notice. Comments submitted by email should be machine-readable and should not be copy-protected. Commenters should include the name of the person or organization filing the comment, which will facilitate agency follow-up for clarifications as necessary, as well as a page number on each page of their

submissions. All comments received are a part of the public record and will be posted on [www.regulations.gov](http://www.regulations.gov) without change. All personal identifying information (for example, name, address) voluntarily submitted by the commenter may be publicly accessible. Comments should not include any business confidential or other sensitive or protected information.

**FOR FURTHER INFORMATION CONTACT:** Please direct questions regarding this Notice to Vincent Tran, International Trade Specialist, telephone: 202-482-2967, email: [DigitalAssets@trade.gov](mailto:DigitalAssets@trade.gov), indicating “Notice and Request for Comment” in the subject line, or, if by mail, addressed to International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230. Please direct media inquiries to ITA’s Office of Public Affairs, [publicaffairs@trade.gov](mailto:publicaffairs@trade.gov) or (202) 482-3809.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

Executive Order 14067 of March 9, 2022, “Ensuring Responsible Development of Digital Assets” (hereafter “Executive Order”) (87 FR 14143; March 14, 2022), outlines U.S. policy objectives with respect to digital assets,<sup>1</sup> including but not limited to protecting consumers, investors, and businesses; mitigating systemic financial risk; mitigating the illicit finance and national security risks posed by misuse of digital assets; and supporting technological advancements that promote responsible development and use of digital assets. The Executive Order outlines the Federal government’s approach to the development of the U.S. digital assets sector. Section 2 of the Executive Order provides six principle policy objectives for digital assets: a) protection of consumers, investors, and businesses in the United States; b) protection of United States and global financial stability and the mitigation of systemic risk; c) mitigation of

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<sup>1</sup> As defined in the Executive Order, “digital assets” refers to “all [central bank digital currencies (CBDCs)], regardless of the technology used, and to other representations of value, financial assets and instruments, or claims that are used to make payments or investments, or to transmit or exchange funds or the equivalent thereof, that are issued or represented in digital form through the use of distributed ledger technology. For example, digital assets include cryptocurrencies, stablecoins, and CBDCs. Regardless of the label used, a digital asset may be, among other things, a security, a commodity, a derivative, or other financial product. Digital assets may be exchanged across digital asset trading platforms, including centralized and decentralized finance platforms, or through peer-to-peer technologies.”

illicit finance and national security risks posed by misuse of digital assets; d) reinforcement of U.S. leadership in the global financial system and in technological and economic competitiveness, including through the responsible development of payment innovations and digital assets; e) promotion of access to safe and affordable financial services; and f) support of technological advances that promote responsible development and use of digital assets.

Section 8(a) provides the Administration's policy on fostering international cooperation and United States competitiveness with respect to digital assets and financial innovation. Among other items, Section 8(a) notes that i) technology-driven financial innovation is frequently cross-border and requires coordination among public authorities, particularly with respect to maintaining high regulatory standards; ii) the United States government has been active in international fora on issues related to technology-driven financial innovation, including at the Financial Action Task Force (FATF); iii) the U.S. presidency of the 2020 G7 saw the establishment of the G7 Digital Payment Experts Group to discuss CBDCs, stablecoins, and other digital payment issues; iv) the United States continues to support the G20 roadmap for addressing challenges and frictions with cross-border funds transfers and payments; and v) the Biden-Harris Administration will elevate the importance of these topics and expand engagement with critical international partners, including through fora such as the G7, G20, FATF, and Financial Stability Board. United States engagement will focus on respect for core democratic values, protection of consumers, investors, and businesses, preservation of global financial system connectivity and platform interoperability, and maintenance of the safety and soundness of the global financial system and international monetary system.

Section 8(b)(iii) of the Executive Order directs the Secretary of Commerce, in consultation with the Secretary of State, the Secretary of the Treasury, and the heads of any other relevant agencies, to (within 180 days of the date of the Executive Order) establish a framework for enhancing U.S. economic competitiveness in, and leveraging of, digital asset technologies.

Through this RFC, Commerce is requesting input from the public that will inform Commerce's

work in developing the scope of the framework, in consultation with the Secretary of State, the Secretary of the Treasury, and the heads of other relevant agencies.

## II. Objective of this RFC

This RFC offers an opportunity for all interested parties to provide relevant input and recommendations for consideration in Commerce's development of the economic competitiveness framework as directed by Section 8(b)(iii) of the Executive Order.

## III. Request for Comments

Commerce welcomes input on any matter that commenters believe is relevant to Commerce's development of the framework for enhancing U.S. economic competitiveness in, and leveraging of, digital asset technologies, pursuant to Section 8(b)(iii) of the Executive Order. Commenters are encouraged to address any or all of the following questions, or to provide any other comments relevant to the development of the framework. When responding to one or more of the questions below, please note in your response the number(s) of the questions you are responding to.

Commerce also seeks public comment on the following questions.

### *Competitiveness*

- 1) What are the features of U.S.-based digital asset businesses (e.g., administrators, operators, validators, and other key stakeholder roles in the function of digital assets as well as the exchanges, brokers, and custodians used to trade and store them) that currently underpin their competitiveness in a global market? Will these features support future competitiveness?
- 2) What obstacles do U.S. digital asset businesses face when competing globally? How have these obstacles changed over the past five years and are any anticipated to disappear? Are there clearly foreseeable new obstacles that they will face in the future? What steps could the U.S. government take to remove, minimize, or forestall any obstacles?

- 3) How does the current U.S. regulatory landscape affect U.S. digital asset businesses' global competitiveness? Are there future regulatory shifts that could support greater global competitiveness of U.S. digital asset businesses? How does the U.S. regulatory landscape for digital assets compare to that in finance or other comparable sectors?
- 4) What are the primary challenges to U.S. technological leadership in the digital assets sector?
- 5) What impact, if any, does the global nature of the digital assets sector have on U.S. digital asset businesses' ability to attract and retain talent and maintain leadership in development and operation of digital asset technologies within the United States?
- 6) What, if any, is the future role of digital assets mining<sup>2</sup> in the U.S. digital assets sector? Can digital assets be compatible with a low-carbon economy that emphasizes renewable energy? If so, how? In what ways can the U.S. government and U.S. companies drive competitive, *sustainable* (for the environment and energy consumption) development of digital assets?
- 7) What impact, if any, will global deployment of central bank digital currencies (CBDC) have on the U.S. digital assets sector? To what extent would the design of a U.S. CBDC (e.g., disintermediated or intermediated, interoperable with other countries' CBDCs and other domestic and international financial services, etc.) impact the sector?
- 8) Should digital assets be given specific consideration in trade agreements? If so, to what extent? What types of provisions would be beneficial to the U.S. digital assets sector in

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<sup>2</sup> The Organization for Economic Cooperation and Development defines mining as follows: "For some blockchains, in order to add blocks to the ledger, transfers must go through a mining process. Mining is a way of adding transaction records, via blocks, onto a public ledger. Miners are nodes in the network that ensure the transactions in the block are valid. Specifically, they ensure that senders have not already used the funds they want to send to receivers. Once miners finish the verification, they have to ask the network for consent to add the new block to the ledger. In order to do so, they have to follow the consensus mechanisms chosen for the platform." *OECD Blockchain Primer*

the United States? Are there provisions that would be beneficial to U.S. businesses and consumers?

- 9) What other factors related to economic competitiveness should Commerce consider in the development of the framework?
- 10) Beyond enhanced economic competitiveness, how can the U.S. digital assets sector advance the other objectives outlined in the Executive Order? These other objectives include protection of consumers, investors, and business in the United States; protection of United States and global financial stability and the mitigation of systemic risk; and mitigation of illicit finance and national security risks posed by misuse of digital assets.
- 11) By what metrics should we measure the competitiveness of the U.S. digital assets sector in the global market? Are there existing measurements or data against these metrics?

*Comparisons to 'Traditional' Financial Services and Financial Inclusion Considerations*

- 12) What factors and conditions, if any, that have driven and sustained the global leadership of U.S.-based legacy financial institutions will foster the same leadership for U.S. digital asset businesses? If there are no common factors, what factors and conditions will differentiate global competitiveness for U.S. digital asset businesses?
- 13) Can digital assets improve international payments (including trade and remittances), and improve on access to trade finance? If so, how? How do digital assets compare to other initiatives in payments such as the Federal Reserve's FedNow?
- 14) According to the FDIC's 2019 "How America Banks" survey, approximately 94.6 percent (124 million) of U.S. households had at least one bank or credit union account in 2019, while 5.4 percent (7.1 million) of households did not. Can digital assets play a role in increasing these and other underserved Americans' access to safe, affordable, and reliable financial services, and if so, how? What role can the Federal government and the digital assets sector play to ensure that underserved Americans can benefit from the increased commercial availability of digital assets?

## *Technological Development*

- 15) To what extent do new standards for digital assets and their underlying technologies need to be maintained or developed, for instance those related to custody, identity, security, privacy, and interoperability? What existing standards are already relevant? How might existing standardization efforts be harmonized to support the responsible development of digital assets?
- 16) What new security concerns does increased adoption of digital assets raise? How can the U.S. government collaborate with U.S. digital asset businesses to protect consumers' access to their assets, personal information, and other sensitive data?
- 17) To what extent will interoperability between different digital asset networks be important in the future? What risks does a lack of interoperability pose? And what steps, if any, should be taken to encourage interoperability?

**Diane Farrell,**

*Deputy Under Secretary*

*for International Trade.*

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